

the Chair will abide by that as one of the rules of the House. So if Members intend to speak, please do not wear a badge.

PARLIAMENTARY INQUIRY

Mr. THOMAS. Mr. Speaker, I have a parliamentary inquiry.

The SPEAKER pro tempore. The gentleman from California (Mr. THOMAS) will state his parliamentary inquiry.

Mr. THOMAS. My understanding of the rule is that we are not supposed to wear a button while we are speaking, but we can wear a button on the floor. Is my understanding correct, Mr. Speaker?

The SPEAKER pro tempore. That is what the Chair just indicated.

ECONOMIC GROWTH AND TAX RELIEF ACT OF 2001

Mr. THOMAS. Mr. Speaker, pursuant to House Resolution 83, I call up the bill (H.R. 3) to amend the Internal Revenue Code of 1986 to reduce individual income tax rates, and ask for its immediate consideration.

The Clerk read the title of the bill.

The SPEAKER pro tempore. Pursuant to House Resolution 83, the bill is considered read for amendment.

The text of H.R. 3 is as follows:

H.R. 3

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE; ETC.

(a) **SHORT TITLE.**—This Act may be cited as the “Economic Growth and Tax Relief Act of 2001”.

(b) **AMENDMENT OF 1986 CODE.**—Except as otherwise expressly provided, whenever in this Act an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of the Internal Revenue Code of 1986.

(c) **SECTION 15 NOT TO APPLY.**—No amendment made by section 2 shall be treated as a change in a rate of tax for purposes of section 15 of the Internal Revenue Code of 1986.

SEC. 2. REDUCTION IN INCOME TAX RATES FOR INDIVIDUALS.

(a) **IN GENERAL.**—Section 1 is amended by adding at the end the following new subsection:

“(i) **RATE REDUCTIONS AFTER 2000.**—

“(I) **NEW LOWEST RATE BRACKET.**—

“(A) **IN GENERAL.**—In the case of taxable years beginning after December 31, 2000—

“(i) the rate of tax under subsections (a), (b), (c), and (d) on taxable income not over the initial bracket amount shall be 12 percent (as modified by paragraph (2)), and

“(ii) the 15 percent rate of tax shall apply only to taxable income over the initial bracket amount.

“(B) **INITIAL BRACKET AMOUNT.**—For purposes of this subsection, the initial bracket amount is—

“(i) \$12,000 in the case of subsection (a),

and

“(ii) \$10,000 in the case of subsection (b), and

“(iii) ½ the amount applicable under clause (i) in the case of subsections (c) and (d).

“(C) **INFLATION ADJUSTMENT.**—In prescribing the tables under subsection (f) which apply with respect to taxable years beginning in calendar years after 2001—

“(i) the Secretary shall make no adjustment to the initial bracket amount for any taxable year beginning before January 1, 2007,

“(ii) the cost-of-living adjustment used in making adjustments to the initial bracket amount for any taxable year beginning after December 31, 2006, shall be determined under subsection (f)(3) by substituting ‘2005’ for ‘1992’ in subparagraph (B) thereof, and

“(iii) such adjustment shall not apply to the amount referred to in subparagraph (B)(iii).

If any amount after adjustment under the preceding sentence is not a multiple of \$50, such amount shall be rounded to the next lowest multiple of \$50.

“(2) **REDUCTIONS IN RATES AFTER 2001.**—In the case of taxable years beginning in a calendar year after 2001, the corresponding percentage specified for such calendar year in the following table shall be substituted for the otherwise applicable tax rate in the tables under subsections (a), (b), (c), (d), and, to the extent applicable, (e).

In the case of taxable years beginning during calendar year:	The corresponding percentages shall be substituted for the following percentages:				
	12%	28%	31%	36%	39.6%
2002	12%	27%	30%	35%	38%
2003	11%	27%	29%	35%	37%
2004	11%	26%	28%	34%	36%
2005	11%	26%	27%	34%	35%
2006 and thereafter	10%	25%	25%	33%	33%

“(3) **ADJUSTMENT OF TABLES.**—The Secretary shall adjust the tables prescribed under subsection (f) to carry out this subsection.”

(b) **REPEAL OF REDUCTION OF REFUNDABLE TAX CREDITS.**—

(1) Subsection (d) of section 24 is amended by striking paragraph (2) and redesignating paragraph (3) as paragraph (2).

(2) Section 32 is amended by striking subsection (h).

(c) **CONFORMING AMENDMENTS.**—

(1) Subparagraph (B) of section 1(g)(7) is amended—

(A) by striking “15 percent” in clause (ii)(I) and inserting “the first bracket percentage”, and

(B) by adding at the end the following flush sentence:

“For purposes of clause (ii), the first bracket percentage is the percentage applicable to the lowest income bracket in the table under subsection (c).”

(2) Section 1(h) is amended—

(A) by striking “28 percent” both places it appears in paragraphs (1)(A)(ii)(I) and (1)(B)(i) and inserting “25 percent”, and

(B) by striking paragraph (13).

(3) Section 15 is amended by adding at the end the following new subsection:

“(f) **RATE REDUCTIONS ENACTED BY ECONOMIC GROWTH AND TAX RELIEF ACT OF 2001.**—This section shall not apply to any change in rates under subsection (i) of section 1 (relating to rate reductions after 2000).”

(4) Section 531 is amended by striking “equal to” and all that follows and inserting “equal to the product of the highest rate of tax under section 1(c) and the accumulated taxable income.”

(5) Section 541 of such Code is amended by striking “equal to” and all that follows and inserting “equal to the product of the highest rate of tax under section 1(c) and the un-

distributed personal holding company income.”

(6) Section 3402(p)(1)(B) is amended by striking “7, 15, 28, or 31 percent” and inserting “7 percent, any percentage applicable to any of the 3 lowest income brackets in the table under section 1(c).”

(7) Section 3402(p)(2) is amended by striking “equal to 15 percent of such payment” and inserting “equal to the product of the lowest rate of tax under section 1(c) and such payment.”

(8) Section 3402(q)(1) is amended by striking “equal to 28 percent of such payment” and inserting “equal to the product of the third to the lowest rate of tax under section 1(c) and such payment.”

(9) Section 3402(r)(3) is amended by striking “31 percent” and inserting “the third to the lowest rate of tax under section 1(c).”

(10) Section 3406(a)(1) is amended by striking “equal to 31 percent of such payment” and inserting “equal to the product of the third to the lowest rate of tax under section 1(c) and such payment.”

(d) **EFFECTIVE DATES.**—

(1) **IN GENERAL.**—Except as provided in paragraph (2), the amendments made by this section shall apply to taxable years beginning after December 31, 2000.

(2) **AMENDMENTS TO WITHHOLDING PROVISIONS.**—The amendments made by paragraphs (6), (7), (8), (9), and (10) of subsection (c) shall apply to amounts paid after the date of the enactment of this Act.

The SPEAKER pro tempore. The amendment printed in the bill is adopted.

The text of H.R. 3, as amended, is as follows:

H.R. 3

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE; ETC.

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(b) **AMENDMENT OF 1986 CODE.**—Except as otherwise expressly provided, whenever in this Act an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of the Internal Revenue Code of 1986.

(c) **SECTION 15 NOT TO APPLY.**—No amendment made by section 2 shall be treated as a change in a rate of tax for purposes of section 15 of the Internal Revenue Code of 1986.

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“(B) **INITIAL BRACKET AMOUNT.**—For purposes of this subsection, the initial bracket amount is—

“(i) \$12,000 in the case of subsection (a),

“(ii) \$10,000 in the case of subsection (b), and

“(iii) ½ the amount applicable under clause (i) in the case of subsections (c) and (d).

“(C) **INFLATION ADJUSTMENT.**—In prescribing the tables under subsection (f) which apply with